

Budget & Tax Policy Initiative, Voices for Illinois Children
[Revised Draft: 08/30/2011]

TABLE 1: FY 2012 General Funds Budget, Major State Agencies (in \$ millions)

	FY 2011 Revised budget	FY 2012 Gov. proposal	FY 2012 Passed by GA	Gov. veto change	FY 2012 Enacted budget	Change from FY11	Pct. change
Human services							
Dept. of Healthcare and Family Services	6,970.6	7,592.8	7,041.7	-276.0	6,765.7	-204.9	-2.9%
Department of Human Services	3,901.5	3,318.2	3,208.5	0.0	3,208.5	-693.0	-17.8%
Excluding child care assistance	3,199.3	3,033.5	2,926.6	0.0	2,926.6	-272.7	-8.5%
Excluding child care & home services	2,663.8	2,454.2	2,353.1	0.0	2,353.1	-310.7	-11.7%
Dept. of Children and Family Services	846.5	840.3	808.5	0.0	808.5	-38.0	-4.5%
Department on Aging	650.6	798.9	737.4	0.0	737.4	86.8	13.3%
Excluding Community Care Program	133.1	97.5	112.3	0.0	112.3	-20.8	-15.6%
Department of Public Health	141.0	136.6	132.3	0.0	132.3	-8.7	-6.2%
Education							
State Board of Education*	7,439.2	7,244.8	6,850.7	-100.3	6,750.4	-688.8	-9.3%
State universities	1,308.9	1,308.9	1,293.9	0.0	1,293.9	-15.0	-1.1%
Illinois Student Assistance Commission	455.0	450.0	406.9	0.0	406.9	-48.1	-10.6%
Illinois Community College Board	358.4	358.4	361.1	0.0	361.1	2.7	0.8%
Public safety							
Department of Corrections	1,209.9	1,278.0	1,167.3	0.0	1,167.3	-42.6	-3.5%
Department of State Police	276.5	275.0	271.6	0.0	271.6	-4.9	-1.8%
Department of Juvenile Justice	124.4	135.3	119.4	0.0	119.4	-5.0	-4.0%
General government							
Supreme Court & Illinois Court System	289.8	347.5	287.6	0.0	287.6	-2.2	-0.8%
Secretary of State	260.3	260.3	260.3	0.0	260.3	0.0	0.0%
Comptroller	107.4	110.5	107.6	0.0	107.6	0.2	0.2%
Legislative agencies	81.3	81.3	84.3	-0.1	84.2	2.9	3.6%
Attorney General	32.6	32.6	32.6	0.0	32.6	0.0	0.0%

* FY11 includes \$415.4 million from federal Education Jobs Fund (outside General Funds).

- In the Department of Healthcare and Family Services, the enacted GRF budget for FY 2012 is \$827 million below the Governor's original recommendation and \$205 million below the FY11 level. However, since Medicaid is a federal entitlement program, spending cannot be controlled simply by reducing appropriations. In the absence of significant policy changes, the enacted budget will result in longer payment cycles for health care providers and more deferred liabilities. According to DHFS, medical assistance programs are underfunded by more than \$1.5 billion in FY 2012.
- In the Department of Children and Family Services, the GRF budget is \$38 million (4.5%) below the FY11 level and \$81 million (9%) below the FY09 level.
- In the Department on Aging, FY12 funding for the Community Care Program is increased by \$108 million (21%), while the GRF budget is cut by \$21 million (16%).

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TABLE 2: Department of Human Services, Selected GRF Budget Cuts, FY 2009 to FY 2012 (in \$1,000s)

	FY 2009 Actual expend.*	FY 2012 Enacted budget	Change	Pct. change
Developmental disabilities grants (multiple line items)	1,028,298	806,704	-221,594	-22%
Community mental health services (multiple line items)	347,915	222,716	-125,199	-36%
Addiction treatment (multiple line items)	163,309	101,334	-61,975	-38%
Income assistance and related services				
Funeral and Burial Expenses	12,692	1,980	-10,712	-84%
State Transitional Assistance	11,814	0	-11,814	-100%
Immigrant Integration Services	9,718	6,930	-2,788	-29%
State Family and Child Assistance	1,648	0	-1,648	-100%
Children's Place	730	488	-242	-33%
Family and community health				
Addiction prevention programs (multiple line items)	7,376	2,636	-4,740	-64%
Targeted Intensive Prenatal Case Management	4,895	3,465	-1,430	-29%
Family planning	936	495	-441	-47%
Youth services				
Delinquency prevention programs (multiple line items)	30,259	19,932	-10,327	-34%
Teen REACH (After School Youth Support)	18,055	8,217	-9,838	-54%
Teen Parent Services	6,682	1,418	-5,264	-79%
Homeless Youth Services	4,461	3,227	-1,234	-28%
Rehabilitation services				
SSI advocacy services	2,266	1,351	-915	-40%

* Includes FY09 Budget Relief Fund

- Among all state agencies, the Department of Human Services has been hit hardest by the fiscal crisis of the past several years. Between FY 2009 and FY 2011, the department's GRF budget was reduced by nearly \$300 million. The FY 2012 budget is cut by another \$273 million (8.5%). (This excludes child care assistance, which had \$484 million in funding shifted from GRF to non-GRF budget lines.)
- The FY12 budget reduces TANF income assistance by one-third and eliminates funding for State Transitional Assistance and State Child and Family Assistance, which serve individuals and families who do not qualify for any other kind of income support.
- Since FY 2009, many DHS grant programs have cut by more than one-third. These include community mental health services (36%), addiction treatment services (38%), delinquency prevention programs (34%), Teen REACH after-school programs (54%), and Teen Parent Services (79%).

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TABLE 3: Estimated General Funds Deficit for FY 2012 (in \$ millions)

FY 2012 Estimated Expenditures*

Agency appropriations	23,556
Estimated unspent appropriations	-500
Estimated operating expenditures	23,056
Employee group insurance	1,436
Pension contributions	4,230
Pension obligation debt service	1,606
Capital projects debt service	563
Statutory transfers	2,065
Repay interfund borrowing	347
Repay Budget Stabilization Fund	276
Total expenditures	33,579

FY 2012 Estimated Revenue

	HB110 adjusted estimate	CGFA revised estimate
State revenue sources	26,519	27,749
Transfers from other state funds	1,810	1,838
Federal revenue sources	4,325 **	4,350
Total revenue	32,654	33,937
Fiscal year operating balance	-925	358
Carryover deficit from previous years***	-4,576	-4,576
Cumulative deficit	-5,501	-4,218

* GOMB estimate

** GOMB estimate after Medicaid cuts

*** Estimate by Budget & Tax Policy Initiative

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES: FY 12 BUDGET
Update on Final Medical Assistance Budget
August 8, 2011

As a result of final action, the unfunded budget gap for HFS Medical Assistance Programs will be \$1.7 billion in FY 12, compared to the introduced budget. Some cost savings were identified and one program change was authorized (Illinois Cares Rx). This FY 12 budget will require the payment cycle to expand to about 120-160 days for many providers, and the ending FY 12 bills on hand will be \$2.4 billion. This continued pattern of deferring payment of bills means that the FY 13 GRF appropriation for Medicaid will need to increase by almost \$3 billion just to maintain the payment cycle.

BUDGET REDUCTIONS AND PRESSURES

(\$s in millions)

Provider rate reductions assumed in Governor's budget, but not authorized or funded	(\$552.2)
5/13 additional budget reductions by House	(\$537.4)
5/31 blocking of statutory transfers; tobacco settlement funds removed, not restored (gross spending impact with federal match)	(\$320.0)
Amendatory Veto of Hospital appropriation	(\$276.0)
50% restoration of IL Cares Rx from Governor's budget	(\$53.7)

TOTAL BUDGET REDUCTIONS AND PRESSURES

(\$1,739.3)

COST SAVINGS ADOPTED BY GENERAL ASSEMBLY

Co-payments for non-emergency ER visits	\$9.2
RFP for enhanced third party liability claiming	\$10.0
RFP for bulk rate purchasing of specialty drugs	\$10.0
Discontinued coverage for select over-the-counter drugs	\$16.0
TOTAL COST SAVINGS	<u>\$45.2</u>

TOTAL FY 12 BUDGET GAP IN MEDICAL ASSISTANCE PROGRAMS

(\$1,694.1)

This means \$1.7 billion in additional unpaid bills are pushed into FY 13 - \$2.4 billion in total unpaid bills.